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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003027

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E.O. 12958: DECL: 08/19/2016  
TAGS: [PGOV](#) [PREL](#) [JA](#) [IZ](#)  
SUBJECT: JAPANESE AMBASSADOR: NO PLEDGE YET FOR  
INTERNATIONAL COMPACT

REF: A. TOKYO 4295

[1](#)B. TOKYO 4507

Classified By: Ambassador Zalmay Khalilzad for Reasons 1.4 (b) and (d).

[1](#)1. (C) In an August 13 meeting with PolCouns and a subsequent meeting the same day with the Ambassador and the DCM, Japanese Ambassador to Iraq Hisao Yamaguchi said that Japan is not currently willing to commit new money for Iraq reconstruction through the International Compact. Yamaguchi reported on the recent visit of Japanese Foreign Minister Taro Aso to Baghdad, during which Foreign Minister Zebari asked Japan to commit new funds to Iraq reconstruction. Yamaguchi asked whether the USG is planning to commit new funds to Iraq reconstruction as part of the International Compact, and noted that the USG has not formally asked Japan to make a new pledge. He suggested that a telephone call between FM Aso and Secretary Rice could be helpful although he asked not to be cited as the source of this suggestion. He said that Japan is having problems getting its current loan funding processed through the GOI. On the subject of security, he said that from the Japanese point of view demobilization of Iraqi militias is premature and needs to await a political settlement. End summary.

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Iraq Reconstruction -- We Already Gave  
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[1](#)2. (C) Yamaguchi said that Japan has already committed US \$5 billion to Iraq through the Madrid donors' conference. This \$5 billion is divided between a \$1.5 billion grant and \$3.5 billion loan. The Japanese are still spending the loan portion of this pledge. Yamaguchi said that the GOJ supports the International Compact (ref A). However, the GOJ wants to focus its efforts on spending the money it has already committed rather than making a new commitment. The Japanese said that it will take at least another year to spend the \$3.5 billion in loan money given difficulties investing in Iraqi projects. The Ambassador responded that the International Compact is intended to cover a multi-year time span, so the Japanese could see a new pledge as being a more long-term commitment.

[1](#)3. (C) Yamaguchi asked whether the USG will be making a new commitment of funds as part of the International Compact. The Ambassador responded that this issue has not yet been decided, but his recommendation would be that we do so. Yamaguchi indicated that if the USG made an additional pledge, Japan might consider doing so too.

[1](#)4. (C) Yamaguchi provided a read-out of Japanese Foreign Minister Aso's one-day visit to Baghdad on August 3 -- the

first Japanese cabinet level visit to Iraq since the 2003 liberation (ref B). During the visit FM Aso met with both Prime Minister Maliki and Foreign Minister Zebari. FM Zebari asked FM Aso to speed up the disbursement of the \$3.5 billion in loan assistance. FM Zebari asked that Japan make an additional pledge of new money as part of the International Compact. Yamaguchi said that the GOJ wants to know if Zebari's request for a new pledge was coming only from the Iraqis or if it was also an American request. Yamaguchi said that the USG has never formally asked the GOJ for an additional pledge.

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Possible Rice-Aso Telephone Call?  
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¶5. (C) Yamaguchi said that a telephone call between Secretary Rice and Foreign Minister Aso could help encourage the Japanese to consider an additional commitment to the International Compact. Note: Ambassador Aso asked that he not be mentioned as the source of this suggestion. End Note.

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Problems with Spending Loan Funding  
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¶6. (C) Yamaguchi said that spending the \$3.5 billion in loan funding has not been easy. The Japanese currently have \$800 million in Iraq projects in the pipeline, but getting the loans approved and the money spent is difficult. He said that Japan has proposals for construction of bridges, roads, and power generation stations. Getting these projects approved and implemented by the GOI, however, has been problematic. The Ambassador replied that he would work with the GOI to help expedite the process.

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Demobilizing Militias "Premature"  
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¶7. (C) On the subject of militias, Yamaguchi said that demobilizing militias now would be premature without a political agreement or reconciliation. He said that at present militias play both a positive and negative role in Iraq. The Ambassador responded that he would welcome a dialogue on this subject between the US and Japanese experts on militia demobilization. Yamaguchi added that at the present time Japan does not want to take a leading role in militia demobilization efforts. He explained that at this time there is "no appetite" in Japan for taking on such a challenge because the security situation in Iraq is still so difficult.

KHALILZAD